Overview of the Subprime Foreclosure Crisis

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Predatory lending is a serious problem that strikes at the very fabric of our communities. Through our investigations and settlements with Household and Ameriquest, the States have been at the forefront of this issue. Reckless lending practices on the part of subprime brokers and lenders, fueled by an insatiable demand for risky loans by the secondary market, have led to a growing national foreclosure crisis. Subprime servicers, and the secondary market investors they serve, may not be doing everything they can to modify loans to prevent foreclosures, even when it is in their own best interests to do so.

Mortgage lending is inherently local. When neighborhoods and cities are damaged by predatory lending practices it is ultimately city, county, and state governments that bear the most direct costs from foreclosures. While a certain number of foreclosures are inevitable, there is much that can done to limit the damage.

In many instances, if an unaffordable mortgage loan is modified or permanently restructured to an affordable payment, all parties are better off. The reason why the loan is unaffordable is largely irrelevant, so long as the net value of the loan as modified is greater than the net recovery that can be expected by the lender after a foreclosure. Thus, whether there was fraud in the origination of the loan, the product was unsuitable for the borrower, or the borrower has experienced an adverse life event, modifying a loan is often the better business decision.

Part One - How Did We Get Here

I. Current Foreclosure Rates are The Proverbial Tip of The Iceberg

It has been widely reported that foreclosure rates for subprime loans are at historic highs. In the second quarter of 2007, 14.82% of all subprime loans were delinquent and 5.52% were in foreclosure.[1] Approximately 75% of subprime loans are adjustable rate mortgages (ARMs) and 16.95% of subprime ARMs are delinquent, which is the highest level on record, with 8.02% in foreclosure.

While many in the industry are touting that the market has corrected itself, one must ask

[1] Mortgage Bankers Association, Second Quarter 2007 National Delinquency Survey.

at what cost.[2] The irresponsible, reckless, and illegal behavior of subprime brokers and lenders has led to a growing national foreclosure crisis. There are estimates that up to 2.2 million subprime homeowners ultimately may be foreclosed upon.[3] Countless other borrowers are struggling to meet oppressive payment terms and have had significant equity stripped from their homes. One must ask, how many hardworking Americans will lose their family home, have their finances ruined, or otherwise sacrifice in order to try to meet an exploding mortgage payment.

It is important to understand that these foreclosures are happening, at least in part, for different reasons than foreclosures in the past. Traditionally, foreclosures occur because of a weak national economy and major life events, such as job loss, divorce, or illness. Life events continue to be a cause of some portion of the current foreclosure crisis, but they are not the only reason, and factors such as divorce and illness are a relative constant.

The only factor that could be materially different is unemployment and economic weakness. However, the extremely high level of delinquencies and foreclosures is occurring at a time when interest rates are still very low by historical standards and the general economy is strong. While certainly there are pockets of the country that are experiencing economic difficulty, the foreclosure crisis is occurring across the country. For example, in the first quarter of 2007, Iowa was fourth in the country in subprime foreclosures at 9.2%.[4] Yet during the relevant time period the unemployment rate in Iowa was a mere 3.2%, which was at or near a six-year low.[5] Thus, there is no local economic condition in Iowa or many other states that can account for the current level of foreclosures and delinquencies.

Given that the national economy and employment numbers are strong, and major life events are a constant, a new phenomenon must be at play in this foreclosure crisis. People are losing their homes because of: 1) the types of mortgage products being used, 2) extremely loose underwriting, and 3) high levels of origination fraud.

An additional factor is the leveling off, and in some places the decline, in home values. While home values rise and fall for many different reasons, home values are clearly tied in part

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[2] In fact, the notion of a market correction is somewhat of a misnomer. While many lenders have gone out of business, the origination statistics for the first half of 2007 look remarkably similar to the 2006 statistics. For example, while 42% of 2006 subprime Mortgage Backed Securities (MBS) were stated income loans, thus far in 2007 a very similar 40.5% of subprime MBS are stated loans. Inside B&C Lending, July 27, 2007 at 2. Similarly, while 72.6% of 2006 subprime MBS were ARMs, that number only dropped to 66.4% in the first half of 2007. Thus, despite the well documented performance struggles of 2006 vintage loans, originators have continued to use products with the same characteristics in 2007.

[3] Ellen Schloemer, Wei Li, Keith Ernst, and Kathleen Keest, *Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners* (Center for Responsible Lending, December 2006) at 3.

[4] *Supra* Note 1.

[5] Bonnie Harris, *Iowa jobless rate eases to 3.2%*, The Des Moines Register, April 20, 2007, at D1.

to the availability of credit. It stands to reason that the extreme appreciation experienced in some parts of the country was fueled in part by the use of the so-called "affordability" products. Rather than use responsible underwriting and deny certain applications, instead lenders and investors decided to use artificial loan features to "qualify" borrowers. The end result was extreme risk layering in which multiple risky features were present in the same loan. No matter how far the price of housing exceeded the actual income of borrowers, so long as a borrower could be qualified for a mortgage, appreciation would increase. In this way, the extremely loose and irresponsible lending of recent years, while not the sole cause, contributed to and enabled irrational housing appreciation. In turn, home values in certain areas of the country were completely artificial. Importantly, this was not a subprime only phenomenon. In fact, much of the purchase money "affordability" lending (most notably, interest only loans and payment option ARMs) was in the Alt-A and prime markets. Thus, static or declining housing values are as much a symptom of extremely loose underwriting as they are an independent cause.

A. The 2/28 Problem

The primary subprime product over the last several years has been the hybrid ARM.[6] In these loans, the first two years is an artificially low fixed payment known as a teaser rate. After the teaser rate expires, the loan is free to adjust upward, and will continue to adjust every six months. Thus, the loans are commonly referred to as a 2/28 or 3/27. Because of how these loans are structured they almost always adjust upward, sometimes dramatically, producing "payment shock." Most lenders qualified borrowers by considering only the borrower's ability to repay under the initial teaser rate. Thus, by definition, most borrowers cannot afford the new higher payment after the loan begins to adjust upward.

The current subprime mortgage market was built on the belief that double-digit gains in home appreciation would continue forever. Thus, originators made loans with the expectation that borrowers who were about to experience payment shock from their hybrid ARM would be forced to come back a mere 24 months later for another round of expensive origination and closing costs, including in many instances paying a prepayment penalty, which all served to further strip homeowner equity. In this way, the subprime lenders created a loop that required borrowers to continually come back to them. It was never intended that borrowers would be able to actually afford their loans. It cannot be stressed enough that this is how these loans were structured. Borrowers repeatedly refinanced not to receive a better rate, as in the prime market, but in order to avoid payment shock and ultimately foreclosure. In this way, the industry confused borrower distress with demand.

So long as home appreciation continued to rise, this was the perfect product from a lender's point of view. As we all know, however, housing appreciation did not continue forever, and the house of cards finally came down. One major mortgage industry publication recently reported that "a stunning 85% of borrowers are 90 days past due on a 2-28 hybrid

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[6] *Subprime Lenders Drop 2/28 ARMs, Former Product of Choice*, Inside B&C Lending, July 27, 2007, at 1-2.

adjustable-fixed 'within six months of adjustment.'"[7] These borrowers are trapped in loans with escalating payments they cannot afford but without the equity to do another refinancing.

Significantly, the currently historic subprime delinquency rates are before most hybrid ARMs have reset to a higher payment. It is estimated that 1.8 million ARMs worth around $900 billion will adjust in the second half of 2007 and in 2008. Thus, foreclosures will only increase.

B. The Subprime Mortgage Market Has Been a Race to the Bottom

Over the last several years, the subprime market has created a race to the bottom in which unethical actors have been handsomely rewarded for their misdeeds and ethical actors have lost market share, in effect punishing them for refusing to engage in irresponsible lending, if not fraud. In the past, if a lender or originator chose not to engage in some of the well known fraudulent practices, such as stated income fraud, they were in effect engaging in unilateral disarmament. Subprime lenders were faced with a choice to either engage in certain practices, or at least look the other way, or lose market share. The market incentives rewarded irresponsible lending and made it more difficult for responsible lenders to compete.

The end result was massive amounts of origination fraud. For example, it has been estimated that 7 out of 10 of the early payment defaults that sent the subprime lending system in chaos earlier this year "have been riddled with fraud."[8] Even absent outright fraud, the extremely loose underwriting of the last several years has resulted in thousands of borrowers being put into plainly unsuitable loans. Thus, the combination of loose underwriting, poorly structured products, and outright fraud has led us to the current situation.

II. Subprime Lending is Not About Increasing Homeownership

It is often stated that subprime mortgage lending has increased the overall level of homeownership. The refrain goes something along the lines: Yes certain people were put in bad mortgages, but they were given a chance to buy a home that they otherwise would not have had. The implication is that while some bad practices happened, "they can't be all that bad because we are allowing new people to be homeowners." Such statements assume that all subprime loans are not only purchase money loans, but loans to first time homebuyers. This is simply not true.

The primary subprime product is not a purchase money loan for a first time homebuyer,

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[7] Editorial - *Fraud and Default*, National Mortgage News, March 12, 2007, at 4 (quoting the comments of Stephen Staid, Senior Vice President, Default Administration, Litton Loan Servicing).

[8] Editorial - *Just How Bad Will It Get?*, National Mortgage News, March 5, 2007 at 4 (quoting Robert Norrell, Senior Vice President, Litton Loan Services).

but rather a debt consolidation refinancing to an existing homeowner.[9] According to the Mortgage Bankers Association, a mere 12% to15% of total subprime loans are to first time homebuyers.[10] The target customer for most subprime lenders is a current homeowner with substantial unsecured consumer debt (usually credit card debt) who also has equity in his or her home. Subprime lenders sell these loans by convincing financially troubled homeowners that the answer to their problems is to consolidate their unsecured consumer debt into a home mortgage with a lower monthly payment, thereby producing a monthly cash flow savings.

The end result is that people who have owned their homes for years are losing their homes to a subprime refinancing. One respected research and advocacy group has determined that when the homeownership gain from subprime loans to first-time homebuyers is compared to the loss of homes caused by subprime foreclosures, there is a net loss of homeownership.[11]

Even worse, the much touted gains in overall homeownership appear to be temporary and are now being at least partially surrendered. The recent loosening of underwriting standards made it very easy for borrowers to get into a home (through the use of a 2/28, interest only, payment option ARM, or similar loan with an artificially low monthly payment) but very hard to stay in the home. The end result is the recent gains in homeownership rates are not due to subprime lending, and some of the gains may ultimately prove to have been largely illusory in nature.

III. The Advent of Securitization Has Dramatically Changed the Mortgage Market

It is difficult to overstate how much the mortgage market has changed in the last ten to fifteen years. In the past, most mortgage loans were made by depository institutions that loaned their own money and then kept ownership of the mortgage (commonly called a portfolio loan). Today, most subprime loans are made by non-depository institutions, commonly referred to as mortgage originators. These companies borrow millions of dollars from Wall Street in what are called warehouse lines of credit. They then use this borrowed money to originate and fund mortgages. Originators only briefly own the loans (typically 60 to 90 days) before they are bundled with other loans and sold to secondary market investors in a process called securitization. Originators then take the money from the sale of the loans to repay their warehouse lines of credit.

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[9] In 2006, 49.4% of subprime mortgage backed securities (MBS) involved cash out refinancing, 5% were for rate term refinancing, approximately 13.5% were purchase money loans to first time homebuyers, while 32% were purchase money loans for existing homeowners buying another home. (Inside B&C Lending, January 12, 2007, at 2).

[10] Only a mere 12% of total subprime loans were purchase loans by a first-time homebuyer in the first half of 2006, and only 15% of subprime loans were for first-time home buyers in the second half of 2006. (Inside B&C Lending, July 13, 2007, at 7).

[11] *Subprime Lending: A Net Drain on Homeownership*; Center for Responsible Lending, CRL Issue Paper No. 14, March 27, 2007.

Securitization has played a central role in lenders placing borrowers in unaffordable loans because it has separated the origination of a loan from its consequences. It is often repeated that no rational lender would put a borrower in a loan that the borrower cannot afford. That may well have been true in the past, when most loans were made by portfolio lenders, but is not true in today's complicated and fractured system. While no investor would want to buy a loan that is destined to fail, many players in the current mortgage system were all too happy to originate loans without regard to the borrower's ability to repay because when it comes time to foreclose on a loan, the originator often is long removed from the picture and does not take the loss. Thus, originators have engaged in predatory practices that a portfolio lender would never engage in, such as inflating an appraisal or inventing borrower income, because the originator can sell the loan to the secondary market. Unless there is an early payment default, which were rare until recently, or unless the investor can prove there was fraud, the originator is generally off the hook for any loss incurred on the loan. Conversely, the investor is generally not held liable for the acts of the originator. Thus, when a loan goes into default, borrowers often find themselves in a catch-22 between the originator and the servicer/investor who now holds the loan.

In short, the secondary market dramatically changed the incentives for originators. Many subprime originators are no longer concerned with the terms of the loan or whether the borrower ultimately is able to afford the loan. Instead, the originators' incentive is to close the loan as quickly as possible, no matter what, in order to be paid their origination fees, and then sell the loan to the secondary market. The problem is even worse for thinly capitalized mortgage brokers who never even fund the loan themselves. Brokers, who originated 63.3% of subprime volume in 2006, simply do not have enough of a stake in the outcome of the loan

The end result is that mortgages have been transformed into a commodity. Some large, national subprime lenders (many of which have since gone out of business) were essentially sales organizations who just happened to sell debt consolidation refinancings. The core competency of these organizations was marketing and sales, not responsible lending.[12] The depth and breadth of the problems currently facing the subprime market demonstrate that this is a structural problem that is much more than a few bad apples.

Part Two - How to Respond to the National Foreclosure Crisis

I. Economics of Foreclosure

It has been estimated that each foreclosure represents total losses of $80,000 (losses to the homeowner, lender, and community at large). Subprime lenders estimate that they lose an average of $50,000 on every foreclosure. Of course, as the number of foreclosures increases the market value of the collateral will decrease, creating a downward spiral. One recent report from

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[12] Consider, for example, the comments of Bill Templeton, former president of The Money Store, who stated, "Our core competency was marketing, we just happened to do mortgage loans" and that to be successful subprime lenders should "not be as greedy." *Small Subprime Lender Expects Big Gains this Year*, Inside B&C Lending, February 23, 2007, at 9.

the rating agency Fitch estimates that 32% of certain 2/28 loans will default and lenders will only recover 56 cents on the dollar after foreclosure.[13] Of course, the situation is even worse if an inflated appraisal was used to originate the loan, which unfortunately was a very common practice in parts of the country. In addition, in many states foreclosure is an expensive process for lenders.

Given the sharp losses after a lender sells a foreclosed property, and the fact that with each foreclosure the recovery is likely to be less, foreclosure no longer makes economic sense for the holders of most mortgages. Instead, investors and servicers should modify loans to keep as many borrowers in their homes as possible. While modifications certainly are not free, lenders must compare taking a severe loss on a foreclosure with a much more modest loss from a modification. As long as the value of the payments on the modified loan are greater than the net recovery from a foreclosure sale, it is the better business decision to do a modification. While this common sense economic principle is easy to understand, in reality it is quite difficult to implement loan modifications because of the complicated and fractured nature of today's mortgage market.

II. Securitization is Preventing Some Modifications

Again, it must be stressed that the entire structure of the mortgage market has changed. While in the past it was very likely that the entity that owned the mortgage loan would also service the loan (i.e., collect the monthly payments or otherwise interact with the borrower, including foreclosure), that is rarely the case today.

Today, the monthly payment is collected by a servicer, who may or may not be the originator of the loan, while the loan is part of a pool owned by multiple secondary market investors. The servicer's duty is to the secondary market investors, not the borrower. The relationship between the investors and the servicer is governed by a pool and servicing agreement. Pool and servicing agreements contain rules on when and how loan modifications can be made. The most lenient agreements allow the servicer to modify loans when default is either imminent or reasonably foreseeable. Other agreements, however, are more restrictive. For example, some agreements do not allow modifications until borrowers are 90 or 120 days late, place a 5% aggregate cap on the pool, or do not allow modifications at all. These more restrictive terms, however, are in the minority of pool and servicing agreements. To the extent they exist, they need to be renegotiated and removed.

It is also important to recognize that secondary market investors are not a homogenous group. They are separated into different grades or tranches based on risk. Those that are in the highest tranche hold the safest investments (typically AAA rated bonds). They are paid first and are the last to take a loss. Of course, the lower tranches are paid last and are the first to take a loss, but because their risk is higher they paid less for their positions. Thus, different investors

[13] Business Wire, *Fitch Affirms $20B & Downgrades $2.4B of U.S. Subprime RMBS*, August 1, 2007.

will have a very different opinion on how things should be handled. This has placed servicers between a rock and a hard place because no matter what actions they take or do not take, certain tranches will be helped and certain tranches will be hurt. This has led to the threat of lawsuits from angry investors. Until recent months, the fear of investor lawsuits has prevented servicers from doing modifications and made putting a borrower into foreclosure the safer course of action for the servicer, at least from a litigation perspective. Recent guidance from the American Securitization Forum that servicers are to treat investors in the aggregate has helped,[14] but across the board servicers report that it is not a question of if, but when they will be sued by investors.

Some investors, typically hedge funds, have purchased derivative contracts that pay money when subprime mortgage backed securities fail. Thus, these investors have an active interest in seeing loans fail and foreclosures move forward.[15] All of this underscores just how complicated the mortgage market has become.

Finally, some investors have publicly indicated that they are against modifications because in their view modifications simply delay the inevitable. It has been reported that up to 40% of modified loans may eventually redefault.[16] However, that still produces a net gain and some servicers report a much lower level of redefault. Furthermore, as the market conditions continue to deteriorate, the economics may change so that even recalcitrant investors are more likely to understand the need for modifications.

III. Servicer Impediments to Modifications

As described above, a situation has been created where the servicer, the party that has the actual contact with the borrower, and thus would be the party that would negotiate a loan modification or handle the foreclosure process, is not the party that <u>owns</u> the loan. This structure has a number of real world consequences.[17]

First and foremost is the fact that the financial incentives of servicers are not aligned with the incentives of investors or borrowers. Servicing has been designed to be a highly automated process, spending as little time as possible on an individual loan and preferably no time actually talking to the consumer. Servicers are paid a servicing fee for each loan they service. Thus, the more time they have to spend on a loan, the lower their profits, and servicing profit margins are

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[14] American Securitization Forum, *Statement of Principles, Recommendations and Guidelines for the Modification of Securitized Subprime Residential Mortgage Loans*, June 2007 at 6.

[15] *See* Saskia Scholtes, *Hedge funds attack banks for helping subprime victims*, Financial Times, May 31, 2007.

[16] Securitization Reports, *The Subprime Mortgage Crisis and Potential Government Action*, Deutsche Bank, September 7, 2007, at 12.

[17] For an excellent discussion of how securitization may be increasing foreclosures, see Gretchen Morgenson, *Mortgage Maze May Increase Foreclosures*, NY Times, August 6, 2007.

thin. Servicers do, however, get to keep the fees they impose, such as late fees, which can be their own source of problems.

Loan modifications, by contrast, are a time intensive process that requires a great deal of individualized attention. In addition, it is essential to remember that servicers do not own the loans. Thus, even though it is true that each foreclosure costs the holder of the mortgage around $50,000, servicers do not save that money if they avoid foreclosure through a modification, that money is saved by the secondary market investors. In fact, intensive loss mitigation efforts have the potential to be a money losing proposition for servicers because it requires them to hire more staff and spend much more time per loan. It is true that by bringing the loan current, the servicer continues to receive the contractual servicing fee. However, if the costs of bringing the loan current, which generally come out of the servicer's pocket, exceed the servicing fee, that will undoubtedly impact the intensity of the servicer's efforts. Thus, in some situations it may be easier and cheaper for a servicer to simply foreclose on a borrower than to try to fix the underlying problem and avoid foreclosure through a modification. This fundamental misalignment of incentives must be addressed.

Up to 50% of borrowers who are foreclosed upon never talk to the servicer. This has led many servicers to publicly state that if they can just find a way to talk to the borrower, they will work something out. Unfortunately, that is not entirely true. One big problem is the disconnect between what the top management is saying and what the front line people are actually doing. This is due in part because securitization has made things very complicated and confusion reigns. For example, one major subprime servicer reports that the loans it is servicing are governed by 405 different pool and servicing agreements, all with their own terms regarding the servicer's authority to enter into modifications. Imagine that you are a front line customer sales representative for that servicer and you receive a call from a borrower. In order to determine what authority you have, if any, to modify that loan, you would have to determine which pool the loan is in and what the terms of that agreement allow. That is simply not practicable. While some large servicers have overcome this problem with advances in technology, it is doubtful they all have.

The profile of the average front line servicing employee answering in-bound calls only adds to the problem. Because many likely view the job as temporary, turnover rates are high. It has been suggested that most front line servicing employees only last 6 to 12 months. Such employees may not have any economic incentive to try to modify a loan, and may view their job through a collections standpoint. It is not hard to image a customer sales representative simply ignoring the problem instead of taking the considerable time and effort to try to save the home. In fact, one former servicing employee has reported that some front line employees would simply disconnect the call if they started getting tough questions, a process that was known as "clearing the cue."

Some HUD approved home counselors have reported that they will call a servicer and if the person who answers is not helpful or knowledgeable they will hang up and call back repeatedly until they find an employee who not only understands the issue, but is willing to help.

Thus, even if the top management understands the problem, they have a tremendous challenge in motivating a constantly changing workforce to handle complex issues.

IV. Solutions to the Problem

At this stage, there is generally philosophical agreement about the need to act. For example, on April 17, 2007, and again in September, the Federal regulatory agencies issued a joint statement urging banks and credit unions to work with borrowers. Likewise, the secondary market trade group, the American Securitization Forum, issued a guidance in June which recognized that a modification is better than a foreclosure when the, "net present value of the payments on the loan as modified is likely to be greater than the anticipated net recovery that would result from foreclosure."[18] Thus, the problem is likely to be one of dedication to solving the problems and then effectively applying those solutions.

A. Investor Solutions

1. Remove any existing limits on modifications from pool & servicing agreements

For those agreements that do contain limitations, they should be promptly removed, as market conditions have changed so dramatically that such limitations no longer make economic sense.

2. Ensure that investors are treated as an aggregate

Servicers should not be exposed to any litigation risk for doing modifications. It is essential that the secondary market groups ensure that investors are treated as an aggregate, so that liability exposure, real or perceived, is not one of the reasons why servicers avoid modifications.

3. Pay servicers or housing counselors an extra fee for modifications

It should be emphasized that Attorneys General are not advocating across the board modifications, but rather modifications that make sense for both the borrower and the investor. In those situations, investors are likely to save tens of thousands of dollars for every modification. Investors should better align the economic incentives of servicers with their own economic interests by paying servicers or housing counselors an extra fee for modifications.

B. Servicer Solutions

1. Hire More Staff

Given the scope and scale of the problem, servicers simply need to hire more people.

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[18] American Securitization Forum, *Statement of Principles, Recommendations and Guidelines for the Modification of Securitized Subprime Residential Mortgage Loans,* June 2007 at 4.

2. Create dedicated teams to handle modifications

Because of the lack of sophistication by most front line servicing employees, and the high turnover rate, it is essential that servicers create teams of dedicated and knowledgeable employees who are given the authority to do modifications. These contacts must then be shared with Attorneys General offices, HUD approved counseling agencies, legal aid organizations, community groups, and others.

3. Better training and oversight of employees / Eliminate the disconnect

Simply put, servicers must dedicate more time and resources into ensuring that their front line employees are faithfully implementing their publicly stated policies on modifications.

4. Provide financial incentives to front line employees to save homes

Economic incentives drive human behavior. Servicers must find a way to provide an economic incentive for their lower level employees to save the home, rather than push the problem aside by putting the borrower on the foreclosure assembly line.

5. Forge Alliances with Third Parties

It is well documented that up to 50% of borrowers in default never talk to the servicer. The level of mistrust is simply too high. To overcome this barrier, servicers must forge alliances with reputable third party groups who borrowers may be willing to talk with. Servicers should also empower other groups to engage in the loss mitigation process. For example, servicers should allow their local foreclosure attorneys, a party who has substantial contact with the borrower or their counsel, to negotiate a modification.

6. Early Contact with Borrowers

Servicers must proactively reach out to borrowers prior to their loan adjusting, even if the borrower is current on their loan. Such outreach efforts should encourage borrowers to contact the third party groups they have formed alliances with in addition to, or possibly in place of, contacting the servicer.

It should be noted that some servicers are currently doing some of these very recommendations. However, because the industry is so fractured, there are undoubtedly some servicers who are doing very little in the way of modifications. In addition, for those servicers who are trying, they will have to double or triple their efforts in order to deal with the scale of the pending foreclosure crisis. The goal is to have servicers empowered and dedicated to doing modifications, not only because it is the right thing to do, but because it is the right business decision.

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